Annexure A: Capital Framework for South Africa based on the Basel III framework, after phase-in period

Capital tiers	Reference in the Regulations	CET 1 Capital Requirement	Tier 1 Capital Requirement	Total Capital Requirement	Effective date
BCBS Basel III minima		4,5%	6,0%	8,0%	Phased in from 1 January 2013
South African minima	**Reg 38(8)(b) & Reg 38(8)(e)(i)**	**4,5%**	**6,0%**	**8,0%**	**Phased in from 1 January 2013**
Systemic risk add-on[1] (Total Pillar 2A range 0,5% to 2,0%)	Reg 38(8)(e)(ii)	$A_1 \geq$ 50% of P2A	$A_2 \geq$ 75% of P2A	P2A (≤2.0%)	Phased in from 1 January 2013 to 31 December 2015, thereafter adjusted to cater for D-SIB requirements
South African base minima	**Reg 38(9)(a)(i) to (iii)**	**4,5% + A_1**	**6,0% + A_2**	**8,0% + P2A**	**Phased in from 1 January 2013**
Bank-specific ICR add-on (Pillar 2B)[2]	Reg 38(8)(e)(iii) & Reg 38(4)	B_1 = 50% of ICR	B_2 = 75% of ICR	ICR	Fully effective from 1 January 2013
South African minima (prudential minima)		**4,5% + A_1 + B_1**	**6,0% + A_2 + B_2**	**8,0% + P2A + ICR**	**Phased in from 1 January 2013**
Domestic Systemically-Important Bank capital add-on[1] (0% to 2.5%)	Reg 38(8)(e)(vi)	C_1 = min(1% or 50% of DSIB)	C_2 = min(1,5% or 75% of DSIB)	DSIB (max of 2,5%)	Phased in from 1 January 2016
Conservation buffer range (0% to 2.5%)	Reg 38(8)(e)(iv) & Reg 38(8)(f)	D_1 = 100% of CB	D_2 = 100% of CB	CB (≤2.5%)	Phased in from 1 January 2016
Countercyclical buffer range[3] (0% to 2.5%)	Reg 38(8)(e)(v) & Reg 38(8)(g)	E_1 = 100% of CCB	E_2 = 100% of CCB	CCB	Phased in from 1 January 2016
SA minima including countercyclical buffer, conservation buffer and D-SIB requirements[4]		**7,0% + B_1 + E_1 + min(2,0% or (A_1 + C_1))**	**8,5% + B_2 + E_2+ min(2,5% or (A_2 + C_2))**	**10,5% + ICR + CCB + min(3,5% or (P2A + DSIB))**	

[1] The aggregate requirement for Pillar 2A and D-SIB will not exceed 2,0 per cent for CET1, 2,5 per cent for Tier 1 and 3,5 per cent in respect of the total capital-adequacy ratio.

[2] The current bank-specific ICR (or Pillar 2B) for each bank or banking group will remain unchanged during 2013, unless this Office has specific reasons to adjust the ICR and pertinently informs the relevant bank in writing of such changes.

[3] In line with the BCBS's paper released in December 2010, entitled "Basel III: Global Regulatory Framework for more Resilient Banks and Banking Systems", revised June 2011, under paragraph 137, the countercyclical buffer is likely to be imposed on an infrequent basis in order to serve its intended purpose.

[4] As specified in regulation 38(9)(a) of the Regulations, as from 1 January 2015 the South African minima ratios, including the HLA requirement for D-SIBs, the capital conservation buffer and the countercyclical buffer, shall not be lower than 6,5 per cent for CET1, 8 per cent for Tier 1 and 10 per cent in respect of the total capital-adequacy ratio.